

Message Text

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ACTION EB-07

INFO OCT-01 NEA-09 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-01 TRSE-00 CIEP-01 FRB-03

OMB-01 L-02 DODE-00 PA-01 USIA-06 PRS-01 /051 W

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R 150956Z FEB 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 2169

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E.O. 11652: N/A

TAGS: EAGR ETDR XX

SUBJECT: COTTON STOCK AND PRICE PROBLEMS

1. ON BASIS OUR INFORMATION, GOE IS NOT REPEAT NOT INTENDING TO OFFER COTTON STOCKS BELOW PREVAILING DEPRESSED PRICES. BASED ON TALKS WITH MINISTER OF TRADE, EGYPTIANS INTEND TO HOLD PRICES ON COTTON PENDING HOPING FOR PRICE RISE. PRIMIN HEGAZI RECENTLY CONFIRMED THIS TO AMBASSADOR. OUR INFORMATION IS THAT VAST MAJORITY OF LAST SEASON'S CROP IS STILL IN-COUNTRY. AS OF TWO WEEKS AGO, PRIMIN TOLD AMBASSADOR THAT ON 5,000 BALES HAD BEEN SOLD THUS FAR INSTEAD OF NORMAL 500,000 BALES. WHILE CONTINUATION CURRENT COTTON PRICE CRISIS COULD EVENTUALLY FORCE GOE TO SEEK MARKET AT ANY PRICE, PARTICULARLY GIVEN CURRENT SHORTAGE HARD CURRENCY, WE BELIEVE THAT CURRENT HOLD WILL CONTINUE AS LONG AS THERE IS ANYHOPE OF MARKET UPTURN.

2. AS REFLECTION INTENTION HOLD PRICE LINE, EGYPT HAS REQUESTED 25MILLION DOLLAR PRE-EXPORT COTTON LOAN FROM CHASE MANHATTAN. WE ARE ADVISED THAT CHASE, IN BREAK WITH NORMAL COTTON FINANCING ACTIVITIES, HAS AGREED TO EXTEND THIS FACILITY. THIS WILL PERMIT GOE, AT LEAST IN PART, TO PAY PRODUCERS PRIOR TO OBTAINING

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FUTURE EXPORT CONTRACTS.

3. FYI: IN NEGOTIATIONS WITH SOVIETS RE NEW TRADE
AGREEMENT, EGYPTIANS ARE INSISTING ON ESTABLISHING HIGH
COTTON PRICE IN NO WAY RELATED OVERALL MARKET CONDITONS.
SOVIETS ARE ALSO ASKING THAT MORE COTTON BE DIVERTED TO
USSR CONSONANT WITH BILATERAL AGREEMENT, BUT EGYPTIANS
ARE BALKING.
EILTS

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Message Attributes

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Draft Date: 15 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Unique ID: 00
Drafter: n/a
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05 JUL 2006

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